

LGA response to Future of Mobility call for evidence

10 September 2018



About the Local Government Association (LGA)

The Local Government Association (LGA) is the national voice of local government. We work with councils to support, promote and improve local government.

We are a politically-led, cross party organisation which works on behalf of councils to ensure local government has a strong, credible voice with national government. We aim to influence and set the political agenda on the issues that matter to councils so they are able to deliver local solutions to national problems.

Comments

Over the past year our members have placed increased importance on the future of mobility and therefore it is a policy area where the LGA has become more active. Our members are keen for councils and the LGA to take greater leadership on this agenda. To help, we have published a guide for elected members on emerging trends in technology - 'Clean, connected and in-control' gives elected members a grounding in the trends that will shape changes in how people move around and how future connectivity will help business and industry. That document can be accessed here <https://www.local.gov.uk/topics/transport/clean-connected-transport>.

Over the coming year we intend to examine how local authorities can react to these trends in order to shape them in a way that maximises their benefits. This year we will be focussing on the following questions:

- What do we as councils want from technology and mobility innovators?
- What should councils be doing to facilitate and maximise the benefits for their residents from changes to mobility?
- What should the Government be doing to help councils to do this?

We intend to hold an event this autumn in an attempt to start to answer these questions. As part of the work we have already done we have highlighted a series of issues that will be of interest to councils. As the effects of these changes are yet to be felt we feel that these issues should be at the forefront of the Government's thinking when constructing their urban and rural mobility strategies.

Many councils are already involved in advanced thinking on the future of mobility and are also already involved in pioneering work with innovators and industry. We have highlighted some of them in our publication and they will be able to provide information to some of the specific questions in this call for evidence. The LGA's response focuses on sharing the main dilemmas that this policy agenda will throw up for central and local government. These dilemmas are difficult to answer and will involve trade-offs as well as needing strong political leadership. The nature of

these trade-offs means they may have different answers in different contexts and in different areas of the country where transport networks can be radically different. By highlighting these areas we hope that they will inform Government thinking on drawing up their strategies.

Land use

As shapers of place councils have a key role in land use policy. Much land use policy is predicated on a society based around the car - predominantly cars driven by their owners and powered by internal combustion engines. Our urban centres are designed to allow the movement and parking of cars, whilst keeping them away and apart from pedestrians. There are many questions to consider if we end up in a situation where we are using shared autonomous electric vehicles. For example we could gain most of the space currently dedicated to parking for other purposes however we would also need to plan for the installation of charging infrastructure. Our current land use policies are not prepared for a rapid change of this kind. We will need to spread understanding of how these changes will transform transport networks.

Upgrading infrastructure

We can see how connected technology could revolutionise the performance of our infrastructure. By allowing infrastructure to interact with the users of a transport network in real time we can deliver significant improvements in the way that infrastructure works. We can maximise capacity and efficiency of existing networks by real time updates to traffic patterns through the smart management of traffic flows. We can also monitor the condition of infrastructure to avoid failure, planning interventions and maintenance before the point where we need full replacement. This will reduce maintenance costs and allow us to maintain infrastructure to a higher standard by working proactively.

However there is a huge one off cost in replacing existing infrastructure, or retrofitting it in order to work in this way. The benefits could be exponential as more infrastructure becomes connected. Obviously the cost of complete replacement of the nation's traffic management infrastructure is a significant one off expense. Who should pay for this, how it should be delivered, over what time period and how the benefits will be captured are questions of great importance to councils and central Government.

Managing the transition

Whilst the pace of technological change is becoming ever more rapid there will inevitably be a period of transition where connected, electrified and autonomous vehicles become increasingly common but have not reached ubiquity. Managing this transition period could be difficult if new technologies seek the use of segregated infrastructure. This could involve a period of limited capacity for traditional vehicles or limited benefits from newer technologies. This would leave us with a dilemma of slowing the adoption of new technologies because their full potential is not realised or alternatively creating disparity between the ability of those who can access new technologies and an increasingly poor and congested network for those that cannot i.e. literally creating a two speed infrastructure system.

This trade off will need a considered approach from regulators, maximising the benefits without the need for entirely separate networks which will struggle to provide enough space without disadvantaging those that cannot afford to upgrade. It will also challenge the public's current view of the road network which

is one that is theoretically freely open to anyone who wants to use it in whatever way they wish to use it.

Price of transport

Currently two of the largest costs of road transport are the fuel and the driver. The cost of a driver could be eliminated by autonomous cars and lorries. The cost of fuel could be significantly reduced by the introduction of electric vehicles.

Electricity is a much more efficient form of propulsion and likely to be cheaper per mile even if the future tax regime is changed. Also as an electrical engine is mechanically more simple than a combustion engine it is likely that long term repair and maintenance costs will be lower. All these factors could lead to a large increase in the demand for mobility. Managing this demand without significant extra congestion will be a challenge for infrastructure providers.

We need to consider whether we want to encourage a large increase of motorised transport given the disbenefits of physical inactivity. It is a debate that is better considered ahead of time rather than dealing with the negative consequences.

Taxation of motoring

In the UK, we currently tax motoring through a variety of routes however the two main mechanisms are vehicle excise duty (VED) and fuel duty on hydrocarbons. VED has historically been based upon a large number of individually owned cars which spend the vast majority of their time parked and not in use. This revenue stream has once again been hypothecated for the provision of roads through the Roads Fund. The original proposals for this fund is that it should fund all of Highways England's investment programmes although more recently the Government has proposed that it will also include funding for the Major Roads Network, which will be made up of strategically important local roads.

The increasing use of shared vehicles through technologies could potentially see far fewer vehicles being taxed but this smaller number of vehicles being used more intensively. This would leave serious question marks over the ability of the VED to meet the commitments in the roads fund.

The other means of revenue raising, through fuel duty, is not hypothecated towards transport expenditure however it is a significant contributor to the exchequer, forecasted to raise approximately £28 billion in 2018/19. Currently one of the advantages of electric vehicles is their favourable tax treatment. This is understandable as a transition towards electric vehicles delivers important public benefits through cleaner air and reduced transport emissions contributing to climate change.

However there will come a point at which the revenues of conventionally fuelled vehicles taxes are depleted to the point where alternative revenues are needed. It is likely that the taxation of electricity as a fuel will be examined in this context which could slow the adoption of electrically fuelled vehicles as the economic incentive to adopt them is reduced. How this revenue is replaced and we continue to meet our need for infrastructure funding is a key question for consideration.

Capturing value of innovation

Innovative technology providers have shown there are ways to exploit public assets (including public data sets) in ways that would not be envisioned by those that designed them. The example of mobility apps in London after TfL took the decision to make much of their timetable data open demonstrates this. These apps have delivered benefits to the public and helped TfL give better information to their customers. As an approach to innovation it has much to recommend itself

as it means private sector companies can experiment at no cost to the public purse and potentially innovate to deliver new services to the public that are unlikely to be designed so quickly in the public sector.

However there is an issue about how the value of this innovation is captured. Public assets, in particular public data, has been put together at public expense in order for the common good. A basic principle of fairness argues that the public should see a return on this investment and the public sector should have some degree of direction about what it is acceptable to use our assets for. Councils are likely to innovate in this area working in partnership with technology providers through a variety of models. We would urge central government to avoid the temptation to interfere by prescribing what kinds of models are acceptable and allow local authorities to innovate and share best practice in balancing their duty to protect public assets with the opportunity to innovate offered by the private sector.